



1st Quarter  
Report  
September  
2012

## COMPANY INFORMATION

Haji Bashir Ahmed (Chairman)  
Mr. Imran Ghafoor (CEO)  
Mr. Muhammad Adrees  
Mr. Muhammad Anis  
Mrs. Sharmeen Imran  
Mr. Muhammad Asif Pasha  
Mr. Muhammad Khalil

Board of Directors

Mr. Mazhar Ali Khan

Company Secretary

Mr. Muhamad Anis (Chairman)  
Mrs. Sharmeen Imran (Member)  
Mr. Muhammad Khalil (Member)

Audit Committee

M/s. M. Yousuf Adil Saleem & Co.,  
Chartered Accountants

Auditors

Sahibzada Waqar Arif

Legal Advisor

601-602, Business Centre, Mumtaz  
Hasan Road, Karachi-74000  
Ph:(92-21) 32401373, 32413944

Registered Office

Askari Bank Limited  
Bank Alfalah Limited  
Al-Baraka Islamic Bank  
Habib Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank  
United Bank Limited  
Faysal Bank Limited  
Silk Bank Limited  
Summit Bank Limited  
MCB Bank Limited  
Soneri Bank Limited

Bankers

Noble Computer Services (Pvt.) Limited  
First Floor, House of Habib  
Building (Siddiqsons Tower),  
3-Jinnah Cooperative Housing Society,  
Main Shahrah-e-Faisal, Karachi-75350  
Ph: (92-21) 34325482-87  
Fax: (92-21) 34325442

Share Registrar

26-Km Sheikhpura Road, Faisalabad.  
Ph: (92-41) 4364031-33

Head Office & Project Location

## DIRECTORS' REVIEW

Dear Shareholders,

On behalf of Board of Directors of Sitara Peroxide Limited, I am pleased to present the un-audited financial statements of the Company for the first quarter ended September 30, 2012.

During the first three months of current financial year, sales of your Company remained Rs. 223.2 million as against Rs. 273.6 million in the corresponding period of last year. Gross profit during the current quarter remained 19.3 million and net loss remained Rs. 57.2 million as against gross profit of Rs. 87.9 million and net profit of Rs. 1.5 million in the same quarter of corresponding financial year. During this quarter, capacity utilization remained at 57% due to plant shutdown in the month of September for overhauling of main compressors and some other maintenance jobs.

Producers of hydrogen peroxide continued to face a very challenging local market during the current quarter. As a result of weak global demand, import of hydrogen peroxide in local market continued at cheaper prices and thus prices of hydrogen peroxide remained weak during the current quarter. As a result of tough market conditions, local producers of hydrogen peroxide struggled with negative margins and were left with no choice but to reduce prices despite rising costs of input. Management of your Company has been actively pursuing the application filed to National Tariff Commission for imposition of duty on import of hydrogen peroxide.

The overall business environment remains challenging due to prevailing political uncertainty, energy crises and economic situation. The competition has been more severe in recent times and is expected to continue for the year ahead. The Board is confident that your company is fully geared to meet all future challenges and committed for growth in future.

The Board places on record its gratitude for the hard work and dedication of every employee of the Company. The Board also appreciates and acknowledges the assistance, guidance and cooperation of all stakeholders including the Government of Pakistan, financial institutions, commercial banks, business associates, customers and all others whose efforts and contributions strengthened the Company.

Allah may give us the courage to face the challenges lying ahead. A'meen

On behalf of Board of Directors



IMRAN GHAFUOR  
Chief Executive Officer

Faisalabad  
October 30, 2012

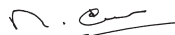
## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2012

|   |      | September 30,<br>2012<br>(Un-Audited) | June 30,<br>2012<br>(Audited) |
|---|------|---------------------------------------|-------------------------------|
|   | Note | ----- Rupees -----                    |                               |
| <b>NON-CURRENT ASSETS</b>   |      |                                       |                               |
| Property, plant and equipment   | 5    | 1,980,931,095                         | 2,019,742,050                 |
| Long-term deposits  |      | 46,005,000                            | 46,005,000                    |
|   |      | <u>2,026,936,095</u>                  | <u>2,065,747,050</u>          |
| <b>CURRENT ASSETS</b>   |      |                                       |                               |
| Stores, spare parts and loose tools   |      | 64,013,114                            | 64,599,121                    |
| Stock-in-trade  | 7    | 417,671,125                           | 421,915,901                   |
| Trade debts   |      | 6,115,904                             | 6,884,148                     |
| Advances  |      | 69,568,852                            | 91,091,075                    |
| Deposits and short-term prepayments   |      | 43,186,115                            | 28,603,582                    |
| Sales tax refundable  |      | 44,453,042                            | 44,826,923                    |
| Cash and bank balances  |      | 55,669,076                            | 10,953,312                    |
|   |      | <u>700,677,228</u>                    | <u>668,874,062</u>            |
|   |      | <u>2,727,613,323</u>                  | <u>2,734,621,112</u>          |
| <b>SHARE CAPITAL AND RESERVES</b>   |      |                                       |                               |
| Issued, subscribed and paid up share capital<br>55,100,000 ordinary shares<br>of Rs. 10 each fully paid in cash |      | 551,000,000                           | 551,000,000                   |
| Accumulated losses  |      | (352,316,280)                         | (302,450,712)                 |
|   |      | <u>198,683,720</u>                    | <u>248,549,288</u>            |
| Surplus on revaluation of property, plant and equipment   |      | 452,286,875                           | 459,635,233                   |
| <b>NON-CURRENT LIABILITIES</b>  |      |                                       |                               |
| Long-term financing   |      | 955,106,318                           | 938,006,318                   |
| Liabilities against assets subject to finance lease   |      | 8,121,653                             | 9,059,061                     |
| Deferred liabilities  |      | 20,622,766                            | 20,118,084                    |
|   |      | <u>983,850,737</u>                    | <u>967,183,463</u>            |
| <b>CURRENT LIABILITIES</b>  |      |                                       |                               |
| Trade and other payables  |      | 171,238,677                           | 146,385,445                   |
| Mark-up accrued on loans  |      | 109,674,401                           | 79,301,803                    |
| Short-term borrowings   |      | 454,550,586                           | 447,102,757                   |
| Current portion of long-term financing  |      | 352,594,735                           | 372,942,497                   |
| Current portion of liabilities against assets<br>subject to finance lease                                       |      | 3,548,852                             | 3,419,029                     |
| Provision for taxation  |      | 1,184,740                             | 10,101,597                    |
|   |      | <u>1,092,791,991</u>                  | <u>1,059,253,128</u>          |
| CONTINGENCIES AND COMMITMENTS   | 8    | -                                     | -                             |
|   |      | <u>2,727,613,323</u>                  | <u>2,734,621,112</u>          |

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE 1<sup>ST</sup> QUARTER ENDED SEPTEMBER 30, 2012

|  | Note | Quarter Ended September 30, |                      |
|--|------|-----------------------------|----------------------|
|  |      | 2012<br>(Un-Audited)        | 2011<br>(Un-Audited) |
|  |      | ----- Rupees -----          |                      |
| Sales  |      | 223,249,595                 | 273,618,222          |
| Cost of sales                                  | 9    | 203,952,652                 | 185,683,976          |
| <b>Gross profit</b>                            |      | <b>19,296,943</b>           | <b>87,934,246</b>    |
| Distribution expenses                          |      | 6,350,905                   | 4,295,580            |
| Administrative expenses                        |      | 12,632,375                  | 13,962,682           |
| Other operating expenses                       |      | 819,222                     | -                    |
|  |      | <b>19,802,502</b>           | <b>18,258,262</b>    |
| <b>Operating (loss) / profit</b>               |      | <b>(505,559)</b>            | <b>69,675,984</b>    |
| Finance cost                                   |      | 55,523,624                  | 65,331,762           |
| <b>(Loss) / profit before taxation</b>         |      | <b>(56,029,183)</b>         | <b>4,344,222</b>     |
| Provision for taxation                         |      | 1,184,740                   | 2,817,045            |
| <b>(Loss) / profit for the period</b>          |      | <b>(57,213,923)</b>         | <b>1,527,177</b>     |
| (Loss) / earning per share - basic and diluted | 10   | (1.04)                      | 0.03                 |

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information



CHIEF EXECUTIVE OFFICER



DIRECTOR

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE 1<sup>st</sup> QUARTER ENDED SEPTEMBER 30, 2012

|  | Quarter Ended September 30,<br>2012 |              |
|--|-------------------------------------|--------------|
|  | (Un-Audited)                        | (Un-Audited) |
|  | ----- Rupees -----                  |              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |                                     |              |
| (Loss) / profit before taxation                          | (56,029,183)                        | 4,344,222    |
| Adjustments for:   |                                     |              |
| Depreciation of property, plant and equipment            | 42,514,867                          | 41,488,689   |
| Profit on bank deposits                                  | (327,549)                           | -            |
| Provision for deferred-employee benefits                 | 581,362                             | 495,405      |
| Finance cost   | 55,523,624                          | 65,331,762   |
|  | 42,263,121                          | 111,660,078  |
| Working capital changes                                  |                                     |              |
| (Increase) / decrease in current assets:                 |                                     |              |
| Stores, spare parts and loose tools                      | 586,007                             | 488,326      |
| Stock-in-trade   | 4,244,776                           | (47,235,625) |
| Trade debts  | 768,244                             | 20,013,397   |
| Advances   | 15,865,215                          | (27,345,855) |
| Deposits and prepayments                                 | (14,547,386)                        | (6,206,798)  |
| Increase in current liabilities:                         |                                     |              |
| Trade and other payables                                 | 24,853,232                          | 872,288      |
|  | 31,770,088                          | (59,414,267) |
| Cash generated from operations                           | 74,033,209                          | 52,245,811   |
| Finance cost paid  | (25,151,026)                        | (49,096,692) |
| Sales tax (refunded) / paid                              | 373,881                             | (7,074,414)  |
| Employee benefits paid                                   | (76,680)                            | (849,923)    |
| Income taxes (paid) / refunded                           | (4,451,769)                         | 1,231,649    |
| Profit received on bank deposits                         | 327,549                             | -            |
|  | (28,978,045)                        | (55,789,380) |
| Net cash generated from / (used in) operating activities | 45,055,164                          | (3,543,569)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |                                     |              |
| Purchase of property, plant and equipment                | (3,703,912)                         | (5,446,483)  |
| Net cash used in investing activities                    | (3,703,912)                         | (5,446,483)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |                                     |              |
| Proceeds from long-term financing                        | 17,100,000                          | -            |
| Repayment of long-term financing                         | (20,347,762)                        | (10,173,883) |
| Net increase in short-term borrowings                    | 7,419,859                           | 6,014,217    |
| Lease rentals paid                                       | (807,585)                           | -            |
| Net cash generated from / (used in) financing activities | 3,364,512                           | (4,159,666)  |
| Increase / (Decrease) in cash and cash equivalents       | 44,715,764                          | (13,149,718) |
| <b>Cash and cash equivalents at beginning of period</b>  | 10,953,312                          | 18,738,913   |
| <b>Cash and cash equivalents at end of period</b>        | 55,669,076                          | 5,589,195    |

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information



CHIEF EXECUTIVE OFFICER



DIRECTOR

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE 1<sup>ST</sup> QUARTER ENDED SEPTEMBER 30, 2012

|   | Share<br>capital   | Accumulated<br>losses | Total              |
|---|--------------------|-----------------------|--------------------|
|   | ..... Rupees ..... |                       |                    |
| <b>Balance as at July 01, 2011</b>  | 551,000,000        | (133,209,710)         | 417,790,290        |
| Total comprehensive income for the period ended September 30, 2011                              |                    |                       |                    |
| Profit for the period   | -                  | 1,527,177             | 1,527,177          |
| Other comprehensive income  | -                  | -                     | -                  |
|   | -                  | 1,527,177             | 1,527,177          |
| Incremental depreciation for the period transferred to accumulated losses - net of deferred tax | -                  | 7,348,355             | 7,348,355          |
| <b>Balance as at September 30, 2011</b>   | <b>551,000,000</b> | <b>(124,334,178)</b>  | <b>426,665,822</b> |
| <b>Balance as at July 01, 2012</b>  | 551,000,000        | (302,450,712)         | 248,549,288        |
| Total comprehensive loss for the period ended September 30, 2012                                |                    |                       |                    |
| Loss for the period   | -                  | (57,213,923)          | (57,213,923)       |
| Other comprehensive income  | -                  | -                     | -                  |
|   | -                  | (57,213,923)          | (57,213,923)       |
| Incremental depreciation for the period transferred to accumulated losses - net of deferred tax | -                  | 7,348,355             | 7,348,355          |
| <b>Balance as at September 30, 2012</b>   | <b>551,000,000</b> | <b>(352,316,280)</b>  | <b>198,683,720</b> |

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information



CHIEF EXECUTIVE OFFICER



DIRECTOR

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE 1<sup>st</sup> QUARTER ENDED SEPTEMBER 30, 2012

### 1. GENERAL INFORMATION

Sitara Peroxide Limited (the Company) is limited by shares, incorporated in Pakistan on March 08, 2004 as a public limited company under the Companies Ordinance, 1984. The Company is listed on Karachi Stock Exchange since July 23, 2007. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hassan Road, Karachi in the province of Sindh and the manufacturing facility is located at 26-KM Sheikhpura Road, Faisalabad in the province of Punjab.

The principal object of the Company is manufacturing and sale of Hydrogen Peroxide (H<sub>2</sub>O<sub>2</sub>).

This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

### 2. STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by the Securities and Exchange Commission of Pakistan under section 245 of the Companies Ordinance, 1984.

This condensed interim financial information has been prepared in compliance with the requirements of IAS-34 - "Interim Financial Reporting". This condensed interim financial information does not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the company for the financial year ended June 30, 2012.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company for preparation of this condensed interim financial information are the same as those applied in the preparation of the last audited published financial statements for the financial year ended June 30, 2012.

### 4. ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company accounting policies and the key sources of estimation were same as those applied to the financial statements for the financial year ended June 30, 2012.



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE 1<sup>st</sup> QUARTER ENDED SEPTEMBER 30, 2012

|   |      |                    | Quarter Ended September 30,<br>2012 | 2011            |
|---|------|--------------------|-------------------------------------|-----------------|
|   | Note |                    | (Un-Audited)                        | (Un-Audited)    |
|   |      | ----- Rupees ----- |                                     |                 |
| <b>5. PROPERTY PLANT AND EQUIPMENT</b>  |      |                    |                                     |                 |
| The following additions to operating assets have been made:   |      |                    |                                     |                 |
| Plant and machinery   |      | 4,245,584          | 3,856,860                           |                 |
| Electric installations  |      | 63,489             | 17,400                              |                 |
| Office equipment  |      | 45,000             | 63,000                              |                 |
| Furniture and fixtures  |      | 28,402             | 9,225                               |                 |
|   |      | 4,382,475          | 3,946,485                           |                 |
| <b>6. CAPITAL WORK IN PROGRESS</b>  |      |                    |                                     |                 |
| No additions to capital work in progress during the quarter ended September 30, 2012 (2011 : Rs. 2,499,998) have been made. |      |                    |                                     |                 |
|   |      |                    | September 30<br>2012                | June 30<br>2012 |
|   | Note |                    | (Un-Audited)                        | (Audited)       |
|   |      | ----- Rupees ----- |                                     |                 |
| <b>7. STOCK-IN-TRADE</b>  |      |                    |                                     |                 |
| Raw material  |      | 49,477,208         | 40,122,742                          |                 |
| Work in process   |      | 329,108,808        | 319,414,175                         |                 |
| Finished goods  |      | 7,489,076          | 25,103,496                          |                 |
| Packing material  |      | 31,596,033         | 37,275,488                          |                 |
|   |      | 417,671,125        | 421,915,901                         |                 |
| <b>8. CONTINGENCIES AND COMMITMENTS</b>   |      |                    |                                     |                 |
| <b>8.1 Contingencies</b>  |      |                    |                                     |                 |
| Bank guarantee issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.                                    |      | 50,000,000         | 50,000,000                          |                 |
| <b>8.2 Commitments</b>  |      |                    |                                     |                 |
| Irrevocable letters of credit   |      | 48,887,303         | 83,220,000                          |                 |
|   |      |                    | Quarter Ended September 30,<br>2012 | 2011            |
|   | Note |                    | (Un-Audited)                        | (Un-Audited)    |
|   |      | ----- Rupees ----- |                                     |                 |
| <b>9. COST OF SALES</b>   |      |                    |                                     |                 |
| Opening stock of finished goods   |      | 25,103,496         | 7,402,932                           |                 |
| Cost of goods manufactured  |      | 186,338,232        | 185,976,420                         |                 |
| Purchase of finished goods  |      | -                  | 4,902,272                           |                 |
|   |      | 211,441,728        | 198,281,624                         |                 |
| Less: closing stock of finished goods   |      | 7,489,076          | 12,597,648                          |                 |
| Cost of goods sold  |      | 203,952,652        | 185,683,976                         |                 |

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE 1<sup>st</sup> QUARTER ENDED SEPTEMBER 30, 2012

### 10. (LOSS) / PROFIT PER SHARE - BASIC AND DILUTED

The calculation of basic (loss) / earning per share is as follow:

| Note   | Quarter Ended September 30, |                      |
|--|-----------------------------|----------------------|
|  | 2012<br>(Un-Audited)        | 2011<br>(Un-Audited) |
|  | .....Rupees .....           |                      |
| (Loss) / profit for the quarter  |                             |                      |
| (Loss) / profit after taxation   | (57,213,923)                | 1,527,177            |
| Number of shares   |                             |                      |
| Weighted average number of ordinary shares<br>in issue during the period | 55,100,000                  | 55,100,000           |
| (Loss) / earning per share - basic                                       | (1.04)                      | 0.03                 |

No figure for diluted loss per share has been presented as the Company has not issued any instrument carrying options which would have an impact on earnings per share when exercised.

### 11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follow:

| Relationship with the company   | Nature of transaction           | Quarter Ended September 30, |                      |
|---------------------------------|---------------------------------|-----------------------------|----------------------|
|                                 |                                 | 2012<br>(Un-Audited)        | 2011<br>(Un-Audited) |
|                                 |                                 | .....Rupees .....           |                      |
| <b>Associated companies</b>     |                                 |                             |                      |
|                                 | Organizational expenses charged | 80,024                      | 143,411              |
|                                 | Purchases                       | 6,044,976                   | 5,609,471            |
|                                 | Sales                           | 4,750,000                   | 4,670,000            |
| <b>Key management personnel</b> |                                 |                             |                      |
|                                 | Remuneration and other benefits | 4,239,886                   | 3,179,864            |
| <b>Employee benefit plan</b>    |                                 |                             |                      |
|                                 | Paid during the quarter         | 76,680                      | 849,923              |

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE 1<sup>st</sup> QUARTER ENDED SEPTEMBER 30, 2012

### 12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue on October 30, 2012 by the Board of Directors of the Company.

### 13. GENERAL

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



601-602 Business Centre, Mumtaz Hassan Road,  
Off. I.I. Chundrigar Road, Karachi-74000.  
Ph: 021 32401373, 32413944